

DREDGING THE LOWER MISSISSIPPI RIVER

Our Future Is Riding on It

WHY DREDGING THE LOWER MISSISSIPPI RIVER MATTERS

The current depth of the lower Mississippi River is 45 feet. At that depth, standard Panamax vessels are loaded to 66,000 metric tons — 70,000 metric tons max. Sometimes, the river is dredged to 47 feet, so vessels don't hit the bottom. But even then, larger Panamax vessels can only be loaded to 77,000 metric tons.

That sounds like a lot. But consider this:

- Since Panama Canal expansion, it can now handle vessels loaded to 99,000 metric tons.
- China and other Asian buyers want larger volumes and the resulting lower freight rate.
- Six of the 10 largest ports in the world are in China and have drafts that exceed 50 feet, accommodating vessels in excess of 80,000 metric tons.
- Nine countries have the capability to harbor vessels carrying nearly 80,000 metric tons.

Add it all up, and we need to make the lower Mississippi deeper — 50 feet deep, to be exact.

Sure, export countries will benefit from the bigger loads and lower freight. But guess what? ***U.S. farmers will benefit, too.***

DREDGING PAYS UP TO 13¢ MORE PER BUSHEL

The draw area is the crop acres required to supply the export markets. Increasing to 78,000 metric tons per load will extend the draw area to 245 miles. Cash basis will improve 13 cents per bushel for 205 miles from the river and pay out less until 246 miles, impacting 72% of U.S. soybean production. ***The deeper depth of the lower Mississippi River will increase farmers' soybean revenues by close to a half billion dollars annually.***

Even farms farther away will benefit from the increased modal competition between rail and barge. When modal competition increases, a downward pressure on shipping rates will often occur, which means more basis.

Max. Vessel Load per River Depth



80,000+ METRIC TONS

U.S. farmers can expect

\$461 MILLION

in revenue

per year



DREDGING THE LOWER MISSISSIPPI RIVER *What It Means for Pennsylvania*

Farmers in Pennsylvania can expect a boost of \$3.1 million to their annual revenues.

NEED ANOTHER REASON? YOUR BIGGEST COMPETITOR IS DOING IT, TOO

Brazil is dredging the Port of Santos canal to a depth of 49.2 feet and adding new terminals on both sides. Across northern Brazil, exports have increased from 1.6 million metric tons in 2002 to 15.4 million in 2015, with the potential of exceeding 60 million per year.



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Source: Impact on Crops and Product Export Flows of Dredging the Lower Mississippi River to 50 Feet, Informa Economics, May 2018.

Let's keep our competitive advantage
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